

Message Text

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ACTION EUR-12

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E.O.: 11652: N/A
TAGS: ETRD, DA, SF
SUBJ: BUSINESS REACTION TO NORDIC SOUTH AFRICA POLICY

REF : OSLO 1297

1. AT THE ANNUAL MEETING OF THE DANISH MULTINATIONAL CORPOR-
ATION EAST ASIATIC COMPANY (EAC) MARCH 31, THE CHAIRMAN, MR.
MOGENS PAGH, REACTED SHARPLY TO THE SO-CALLED ACTION PROGRAM
AGAINST SOUTH AFRICA ADOPTED BY NORDIC FOREIGN MINISTERS IN
OSLO MARCH 10 (REFTEL).

2. THE ISSUE WAS BROUGHT UP AT THE EAC ANNUAL MEETING BY
REPRESENTATIVES OF DANISH CHURCH GROUPS AGAINST RACISM WHO
APPARENTLY HAD ACQUIRED STOCK IN THE COMPANY IN ORDER TO
GAIN ACCESS TO THE ANNUAL MEETING.

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3. THE CHURCH GROUP CHALLENGED EAC TO ADHERE TO THE ACTION
PROGRAM AS WELL AS TO THE ETHICAL CODES ADOPTED IN THE U.S.
(SULLIVAN CODE) AND RECOMMENDED BY EC.

4. PAGH STATED THAT ADHERENCE TO THE ACTION PROGRAM, ACCORD-
ING TO WHICH COMPANIES SHOULD REDUCE THEIR PRODUCTIONS IN
SOUTH AFRICA, WOULD RENDER OPERATION OF EXISTING PLANTS UN-

ECONOMICAL AND EVENTUALLY LEAD TO CLOSING. THIS WOULD BENEFIT ONLY COMPETING INDUSTRIES. PAGH MAINTAINED THAT A MAJORITY OF BLACK LEADERS IN SOUTH AFRICA SHARED THE EAC'S OPINION THAT FOREIGN COMPANIES OF HIGH STANDARD COULD BE THEIR EXAMPLE CONTRIBUTE TO POSITIVE DEVELOPMENTS IN THE COUNTRY. PAGH ALSO STATED THAT EAC HAD BEEN THE FIRST CORPORATION OUTSIDE THE U.S. THAT HAD UNEQUIVOCALLY ACCEPTED THE SULLIVAN CODE. WHEN THE EC RECOMMENDATION SUBSEQUENTLY APPEARED, EAC HAD BEEN ABLE TO CONFIRM TO THE DANISH FOREIGN MINISTRY THAT IT HAD ALREADY LONG ADHERED TO THE RECOMMENDATION'S PRINCIPLES.

5. WITH REGARD TO RESTRICTIONS ON INVESTMENT IN SOUTH AFRICA, PAGH STATED THAT EAC HAD NO PLANS FOR NEW INVESTMENT THERE AND ACTUALLY HAD RECENTLY SOLD ITS INTERESTS IN SEVERAL INDUSTRIES AND SAWMILLS. PAGH ALSO INSISTED THAT EAC HAD FOR YEARS BEEN LEADING IN EFFORTS TO IMPROVE CONDITIONS FOR BLACK WORKERS. HE MENTIONED PARTICULARLY THAT EAC HAD ESTABLISHED WORK OR CONTACT COMMITTEES; THAT EAC WOULD WELCOME UNIONIZATION; THAT EAC WAGES ADHERED TO THE EQUAL PAY PRINCIPLE AND WERE AT A LEVEL MORE THAN 50 PERCENT ABOVE THE SO-CALLED STARVATION LEVEL. EAC HAD PROVIDED BASIC TRAINING FOR A LARGE NUMBER OF LITERATE WORKERS AND HAD PLANS FOR ADDITIONAL VOCATIONAL TRAINING FACILITIES.

6. WITH REGARD TO SEGREGATION, PAGH STATED THAT THE EAC WAS FORCED TO ADHERE TO SOUTH AFRICAN LEGISLATION BUT HAD IN-

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STALLED EQUAL THOUGH SEPARATE FACILITIES. EAC WAS IN FAVOR OF INTEGRATION AND HAD ENCOURAGED AND FINANCED INTEGRATED SOCIAL AND ATHLETIC ACTIVITIES IN ORDER TO PROMOTE BETTER UNDERSTANDING BETWEEN ETHNICAL GROUPS. PAGH FELT THAT THE PREVIOUS STRONG SEGREGATIONAL BARRIERS IN SOUTH AFRICA HAD BECOME MORE VAGUE TODAY.
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